

INTERSTATE INSURANCE  
PRODUCT REGULATION COMMISSION



*States, Strength & Speed Aligned*

**AGENDA**

**MANAGEMENT COMMITTEE  
TELECONFERENCE MEETING**

**Monday, April 23, 2007**

**1:30pm ET / 12:30pm CT / 11:30am MT / 10:30am PT**

Jane Cline, Chair	West Virginia
Linda Watters, Vice Chair	Michigan
Glenn Wilson, Treasurer	Minnesota
John Oxendine	Georgia
Jim Atterholt	Indiana
Nonnie Burnes	Massachusetts
Jim Long	North Carolina
Mary Jo Hudson	Ohio
Kim Holland	Oklahoma
Randy Rohrbaugh	Pennsylvania
Mike Geeslin	Texas
Paulette Thabault	Vermont
Alfred W. Gross	Virginia
Mike Kreidler	Washington

1. Roll Call
2. [Product Standards Committee Report](#)
3. [Continued Discussion and Consideration of "Mix and Match" Proposal](#)
4. [Scheduling Updates](#)
5. Any Other Matters
6. Adjourn

**Minutes of the Meeting of the Management Committee of  
The Interstate Insurance Product Regulation Commission (IIPRC)  
Monday, April 23<sup>rd</sup>  
Conference Call**

**Management Committee Members in Attendance:**

Commissioner Glenn Wilson, Treasurer, Minnesota (presiding)  
Charlie Dune as a designated representative for Commissioner Jane Cline, West Virginia  
Fran Wallace as a designated representative for Commissioner Linda Watters, Michigan  
Jim Atterholt, Indiana  
Joseph Murphy as a designated representative for Commissioner Nonnie Burns, Massachusetts  
Commissioner Jim Long, North Carolina  
Director Mary Jo Hudson, Ohio  
Commissioner Kim Holland, Oklahoma  
Brad Harker as a designated representative for Acting Commissioner Randy Rohrbaugh,  
Pennsylvania  
Sara Witt as a designated representative for Commissioner Mike Geeslin, Texas  
Commissioner Paulette Thabault, Vermont  
Don Beatty as a designated representative for Commissioner Al Gross  
Beth Berendt as a designated representative for Commissioner Mike Kreidler

**Commission Members in Attendance:**

Commissioner Kim Holland, Oklahoma  
Shelly Santo, Hawaii  
Director Tim Wagner, Nebraska  
Commissioner Roger Sevigny, New Hampshire

**Industry Advisory Committee in Attendance:**

Julie Miller as a designated representative for Randy Reich  
Miriam Krol, ACLI  
Amanda Matthiesen, AHIP  
Gary Sanders, NAFA  
Dennis Herschel, Mass Mutual  
Nancy Johnson, Unum  
Michael Gerber, NAIFA  
Cande Olsen, New York Life

**Legislative Committee Members in Attendance:**

Kevin Horan, NCOIL

**Consumer Advisory Committee Members in Attendance:**

Ryan Wilson, AARP  
Brendan Bridgeland, Center for Insurance Research  
Aelia Kahn, for Rod Bordelon, Office of Public Counsel, Texas

**IIPRC Staff in Attendance**

Frances Arricale, Executive Director  
Sara Bamford, Administrative Coordinator

**NAIC Staff in Attendance:**

Kay Noonan, NAIC General Counsel

Karen Schutter, Senior Manager, Business Initiatives  
Becky McElduff, Staff Attorney

**Regulator Staff in Attendance:**

Louis Belo, North Carolina  
Betsy Jerome, Utah  
Marlon Burch, Kansas  
John Postolowski, Colorado  
Ted Hamby, North Carolina  
Kevin Moriarty, Vermont  
Melinda Shepherd, Kentucky  
Donna Daniel, Idaho  
Howard Max, Maryland  
Yvette Domenech, Puerto Rico  
John Rink, Nebraska  
Shawn Hawk, Tennessee

**Members of the Press in Attendance**

Jim Connolly, National Underwriter

**Other interested Parties in Attendance:**

Josh May, Coventry  
Gary Sanders,  
Julie Miller,  
Gail Woods, Oregon  
Susan Ezalarb, Wisconsin  
Monica Rutkowski, Florida  
Lynn Espeland, Woodman  
Andrew Baron, Liberty Life Insurance Company of Boston  
Tim Ring, MetLife  
Thomas Brooks, Killian Association  
Ted Matchulat, Northwestern Mutual  
Kelly Ireland, ACLI  
Deanne Marino, American Bankers Association  
Shelia Melzer, State Farm  
Peg Van Drisse, Ameriprise  
John McBain

As Treasurer and an IIPRC Officer, Commissioner Glen Wilson from Minnesota chaired the meeting of the Management Committee of the Interstate Insurance Product Regulation Committee (“IIPRC”). Commissioner Wilson asked before starting with the Agenda, if there was anyone on the call from Tennessee. Upon hearing no response, Commissioner Wilson proceeded and announced that the Tennessee General Assembly passed legislation to make their state the 30<sup>th</sup> member of the Compact. The bill has been forwarded over to Governor Bresden for signature and they will be officially part of the Compact. Commissioner Wilson explained that having Tennessee join demonstrates the continued forward momentum of the Commission around the country and the IIPRC will continue to encourage other states to join.

Commissioner Wilson proceeded to the first agenda item, the Product Standards Committee Report. Commissioner Wilson asked Commissioner Seigny to provide the Report.

Commissioner Sevigny reported that the Product Standards Committee would like to recommend to the Management Committee that the 60-day public comment period be initiated as part of the rule-making process for three sets of individual life policy standards. The standards are the: Current Assumption Whole Life Standards, Modified Single Premium Variable Life Standards, and Modified Single Premium Joint Forced to Die Standards. Commissioner Sevigny reported that the Uniform Standards were distributed with explanations of the revisions made to the draft prepared by the NAIC Interstate Compact National Standards Working Group. Commissioner Sevigny explained that the Committee held public calls on both March 2<sup>nd</sup> and April 13<sup>th</sup> to receive comments on the proposed standards. Commissioner Sevigny explained that the Product Standards Committee has offered an additional opportunity for public participation in the development of standards by establishing a recurring public call to the initial review of these set standards. Commissioner Sevigny ended his Report by stating he would answer any questions related to the work of the Product Standards committee.

Commissioner Wilson asked if there were any comments from the Management Committee. Hearing none, Commissioner Wilson asked Members of the Commission; members of the Legislative Committee, the Consumer Advisory Committee; and the Industry Committee if there were any questions.

Miriam Krol, from the ACLI and on behalf of the Industry Advisory Committee, stated that she had a minor comment to make on the current assumption whole life. Ms. Krol suggested that "Reinstatement" be moved around to ahead of "Report to Owner" so that they are in alpha-order.

Commissioner Wilson asked if Commissioner Sevigny and the Committee accepted the change. Commissioner Sevigny stated that he did not see any issue with accepting the change. Commissioner Sevigny then asked Becky McElduff if there were any issues with doing so. Ms. McElduff responded that it was fine and that the change will be made. Commissioner Wilson asked if there were any other comments. Upon hearing none, Commissioner Wilson asked if there was a motion to adopt this report. Michigan offered a motion and Washington seconded the motion. Commissioner Wilson asked if there were any further comments or questions. Hearing none, Commissioner Wilson asked Frances Arricale to take a roll call vote. The report was adopted by unanimous roll call vote.

Commissioner Wilson moved on to the third agenda item which is the "mix and match" proposal. Commissioner Wilson further explained that the issue has been on the table for a while and has had considerable discussion. Commissioner Wilson continued, it is the intention of the Commission to move forward formally with the mix and match portion of the agenda as the Commission is working diligently to be ready to receive the initial product filing this year. Commissioner Wilson further highlighted that the IIPRC has targeted June as the start up date for product operations and the Commission and the in-force Uniform Standards that have been adopted will be in effect and the Commission will be able to accept filings. Commissioner Wilson thanked all of the members for working expeditiously to develop and adopt high caliber standards, as this development process does take time. Commissioner Wilson explained that many of the projects that the IIPRC will be taking up will take the Commission at least through 2008 to develop full sets of standards in all of our four product lines. Given the startup dynamic, the Industry Advisory Committee has asked the Commission to consider "mix and match" proposals on an interim basis. Commissioner Wilson explained that the insurers may submit already-approved forms with the Compact with state-approved forms. Commissioner Wilson detailed the intent as a way to allow for a higher volume of compact filing to be initiated by insurers while the IIPRC continues to adopt uniform standards. Ohio and Vermont have worked on this "mix and match" issue proposal which has been circulated. Commissioner Wilson

explained that the Rulemaking Committee has been working within the timeframe that the Commission has set for itself with the goal to be operational this year. Commissioner Wilson highlighted that as with any start-up, the IIPRC is working with the understanding of finding the correct balance of prudent review of how the IIPRC will set policy and procedures while at the same time recognizing the urgency of beginning operations. Commissioner Wilson turned to the “mix and match” proposal in front of the Committee which was updated based on the March comments that were received on this proposal from Pennsylvania. Commissioner Wilson asked Ohio and Vermont to provide an overview of some of the changes to the proposals which were made after the March 26<sup>th</sup> teleconference meeting and then turn to the comments submitted by Pennsylvania; followed by any questions and comments from the members of the Legislative Committee, advisory committees, and other interested parties.

Doug Anderson from Ohio started by noting that there are two changes to the Rule that don't relate to “mix and match” that appear for the first time in this Rule. Mr. Anderson explained that the first one is a proposal Vermont has made about state filing fees. Vermont has suggested the Compact collect state filing fees and if a filing comes in without all the state filing fees that the Compact will issue an objection letter to the filer; also providing that a filing shall not be approved until all of the fees are paid. Mr. Anderson further explained that there is a provision that states, if it is later determined that all the fees have not been paid, then a state retains the right to obtain the filing fees directly from the filer. Mr. Anderson further noted that these are changes Vermont had suggested some time ago and they are finally being added to the revised rule.

Mr. Anderson moved on to explain the second change as it appears on the fourth page section 105(E). The Management Committee took up the issue as to whether or not a product filing that exceeds the uniform standard can be approved. Mr. Anderson stated that he thought the issue was then referred to the Product Standards Committee for consideration. Mr. Anderson continued, the Product Standards Committee discussed the issue, and questions were raised as to whether that type of provision was a good idea, and secondly, if it was a good idea should it go under the uniform standards or should it go under the product filing rule. Mr. Anderson stated that the Product Standards Committee decided that it was a good idea to have that type of provision and that it should go into the product filing rule. Mr. Anderson explained that in section 105(E), the provision was added that says a product filing shall be deemed to meet the requirements of a uniform standard, if the Commission determines that a product filing contains provisions, which in all respects, are at least as favorable to the insurer or annuitant as the requirements for the uniform standard. Mr. Anderson noted that means that if a filing comes in and it is more favorable to the consumer than a uniform standard, then it will meet the uniform standard and be approved.

Mr. Anderson stated that the third set of changes relate to “mix and match” and begin on the seventh page, section 110(D) 4. Mr. Anderson explained that an insurer, notwithstanding any other provision of the rule, shall not offer or sell a combination of the commission product component and a state product component. Mr. Anderson read the specific language that takes into account riders, amendments and endorsements that may be subsequently added to a product that may create a mix and match situation. Mr. Anderson explained that Preliminary Exhibit A was developed as “Appendix A”, and must be developed and adopted by the Commission six months from the effective date of this rule. Appendix A should list the uniform standards for a product line and shall only include those standards listed for that product line; if the appendix is not adopted in such time frame, then the appendix shall consist of the product lines and uniform standards set forth in Exhibit A, which is attached to this rule. Mr. Anderson continued, the uniform standards for each product line appear in Appendix A with a catch-all at the end of each product line to incorporate: applications, benefits features, advertising and rate filing standards

applicable to the uniform standards. Mr. Anderson stated as the uniform standards, including the applications, benefit features and advertising and rate filing standards, for a particular product line have been adopted, the mix and match would end two years from that date.

Mr. Anderson explained that a change was made to reflect the products that have been issued prior to a product line cutoff date, meaning that a product issued during the time when “mix and match” can occur, and can continue to be combined state product and commission product components with respect to those products. Mr. Anderson highlighted that the changes to the rule that were made further define what are the product lines are, and to clearly set forth that “mix and match” would end two years from the date of the product line cutoff date except for products that are issued prior to the time mix and match would end.

Herb Olson, from Vermont thanked Mr. Anderson for explaining the rule including the changes made. Mr. Olson added that during the drafting process comments from all of the Member states and other affected parties were considered. Mr. Olson commented that during the meeting in New York comments were heard from the member states who seemed to indicate a consensus to move forward on this and that there are some member states that had some concerns about issues regarding the propriety of “mix and match” rule. Mr. Olson noted that initially Vermont raised some of the same questions early on in this process and we were able to work through them. Mr. Olson continued, Vermont is convinced that not only does the Commission have the authority to promulgate a rule dealing with the “mix and match” issue by virtue of a Compact legislation; but in fact by including the “mix and match” provision in the Rule, the Commission will be doing a favor for consumers by ensuring that their standards will be higher. Mr. Olson noted that there is an option under Compact Statute for insurers to use state-only-forms, so the choice is whether companies will use the state forms or the compact approved forms which we believe are very high in terms of consumer protection level.

After thanking Ohio and Vermont for their comments and explanation of the changes, Commissioner Wilson asked if there are any comments from others on the Management Committee.

Brad Harker, from Pennsylvania, stated that the comments were submitted after the most recent draft of the Product Filing Rule was received and an opportunity was had to examine some scenarios specific to Pennsylvania. Mr. Harker explained that Pennsylvania had several concerns and wanted to get a feel from the other states to see if they are facing similar situations. Mr. Harker continued, the concerns really are fundamental and are not intended to delay the start-up date, but go to the heart of the jurisdiction between the Compact itself and each of the member states. Mr. Harker explained that Pennsylvania believes, despite the certification, that there is a problem with consistency and ambiguity that is created because of the “mix and match.” Mr. Harker continued his explanation, the Compact has jurisdiction over content and substance of the forms that are submitted for approval within the Compact and the states have full jurisdiction on anything that is submitted on a state basis. Mr. Harker continued if a product combination comes up and it appears there is ambiguity and there is something wrong that is thought to be harmful to consumers, it is unclear how a state could disapprove that combination as the states do not have jurisdiction over the compact forms. Mr. Harker stated that the only thing that the state has left is to take some kind of action state based-form. Mr. Harker continued and stated that Pennsylvania finds this to be difficult, that a filing would have to be turned around and disapproved a filing that has been previously approved and it was compliant with the state law. Mr. Harker stated that Pennsylvania was concerned about the court system problem in Pennsylvania and requested that some type of legal opinion on this issue be retained with respect to the jurisdiction in the compact and the states. Mr. Harker continued by stating that this legal opinion will be beneficial in

addressing any questions the legislatures may have as to whether or not this is the right thing for consumer protection, allowing insurers to cherry pick the standards that would apply for any given combined product. Mr. Hanker finished his remarks and stated that he would move that an independent legal opinion be obtained prior to taking a vote. Washington seconded the motion.

Commissioner Wilson asked if there were any additional comments.

Fran Wallace, from Michigan, states that the Department had a discussion with their legal counsel and as a result Michigan will be voting against the motion. Ms. Wallace continued and stated that it is Michigan's belief that this is not a legal decision the Compact can take. Ms. Wallace further stated that the unfair trade practices statute may be used if deemed necessary. Ms. Wallace finished her comments by stating that she agreed that the members have to give precedent to not ceding authority, but that it is very important to move forward on this

Beth Berendt, from Washington, commented that the state of Washington has the same concerns as Pennsylvania and is in favor of the motion.

Commissioner Wilson thanked everyone for their comments and asked Frances Arricale to make comments as she has done some research as to how the IIPRC will utilize outside counsel.

Ms. Arricale explained that outside counsel, the firm of Kelly Drye was retained to deal with foundational issues of the compact to include any status-tax structure, corporate structure, and ethics codes. Ms. Arricale further explained that they were not retained to deal with the substance of the agenda of the Commission which is for the members to work through under the rule-making and the product standards processes. Ms. Arricale addressed the request for the NAIC to provide legal counsel and explained that under the Services Agreement with the NAIC, NAIC legal services are provided to the Compact. Ms. Arricale asked Kay Noonan, General Counsel of the NAIC, if she had comments. Ms. Noonan stated that if the Management Committee would like the NAIC legal department to evaluate and help clarify the issue, they would be apt to do so. Ms. Noonan continued and stated that ultimately it appears this will come down to individual member's interpretation of their state law. Ms. Noonan was not sure if a legal opinion from the NAIC would answer all of the legal questions, but that they would be willing to work on something that form some of the issues a little clearer if this is the way that the Management Committee would like to proceed.

Commissioner Wilson thanked Ms. Arricale and Ms. Noonan for their comments and asked if there were additional comments from the Management Committee. Don Beatty, from Virginia, stated that Virginia would vote against this motion, but that the Committee needs to start thinking about how to have legal questions addressed. Mr. Beatty continued and stated that it would probably be best for the IIPRC to have their own attorney that was either contracted or on staff, as it was not fair to expect the NAIC legal staff to become the IIPRC legal staff.

Director Hudson commented that Ohio will not be supporting the motion. Director Hudson stated that this is an issue of doing analysis of Ohio law. Director Hudson asked Doug Anderson to provide a few comments regarding Ohio's analysis. Mr. Anderson explained that Ohio has an unfair practices statute as do most states. Even though a product may be approved in accordance with the Compact's Standards the way in which a product is used in the state may be unfair and to the extent that a Commission Product component is marketed and sold with a state product component and the underlying product contains misleading or deceptive or inconsistent provisions, Ohio is confident that the state can take action including cease and desist to stop that product from being marketed and sold.. Mr. Anderson explained that Ohio has analyzed the

situation and to the extent that a commission product component is marketed or sold with a state product component, and the underline product contains misleading or deceptive or inconsistent provisions, we're confident that our state can take action to stop that product from being marketed and sold that way. Mr. Anderson addressed the comments about having the "mix and match" maybe undermining the uniformity by explaining how the mix and match recognizes the needs for transition from 50 state laws to uniform standards. Mr. Anderson ended by stating that "mix and match" does not undermine the uniformity but it will lead to uniformity in a reasonable way.

Commissioner Paulette Thabault from Vermont stated that Vermont will not be supporting the motion. The individual states do have, through the Compact law itself, the authority. Commissioner Thabault stated that there are some concerns about delaying the implementation of the filings and putting this question off for a longer period of time would likely result in a delay of the filings.

Commissioner Jim Atterholt from Indiana stated that he too was concerned about the delay issue and will be voting against the motion.

Mr. Harker raised the concern that while some of this is based on state law and each state's individual analysis, there are some areas where it is solely within the Compact. The biggest one that comes to mind is that it seems that the rules that the standard of review that the states would have to apply in order to determine whether there is something wrong with the product combination. Mr. Harker noted that he was not sure that the Compact itself has authority to set what the standard of review is for each individual state. As it reads now, the state can only take action if it can show that the product combination is unfair, misleading, has ambiguous results. Mr. Harker highlighted that it was his thought that is one of the areas and he thought that lies solely with the Compact; that states itself can not do legal analysis. Mr. Harker continued, if the goal of the Commission is that it would be up and running by July, there is another Compact call scheduled for the end of May. Mr. Harker stated that it was his belief that on some of these issues, the analysis can be done in time for that meeting.

Commissioner Thabault stated that Herb Olson, General Counsel, would like to address some of the concerns just raised by Pennsylvania. Mr. Olson highlighted that there are specific provisions in the Compact legislation that deal with whether the Compact legislation authorized the adoption of the Rule like this, specifically Article 10, subsection 2, states that "the Commission shall establish appropriate filing and review processes and procedures pursuant to Commission Rules and Operating procedures." Mr. Olson pointed out that in Article 8 of the compact legislation, "The commissioner of any state in which an Insurer is authorized to do business, or is conducting the business of insurance, shall continue to exercise his or her authority to oversee the market regulation of the activities of the Insurer." Mr. Olson remarked that these are all issues that we've thought about as well, and have answered in the affirmative in terms of the authority of the Commission as the Compact legislation affirmatively gives the authority to the Commission to adopt this Rule. Mr. Olson concluded by stating that the Commission is trying to clarify some of these issues in the adoption of the Rule.

Commissioner Wilson thanked everyone for their comments and called upon Ms. Arricale to remark on the timeline.

Ms. Arricale stated that the Commission itself has imposed upon itself a timeline of June of this year and the Commission Office is getting ready and making sure that can happen in June. Ms. Arricale explained that the Product Filing Rule is needed in order to allow companies to begin product filing and in terms of anticipating what the volume of filing. Ms. Arricale continued and



stated that the IIPRC needs to have the rule in place with “mix and match” as the IIPRC can expect a higher volume of filings with “mix and match,” because there would be more products to file with the ability to use forms already approved. Ms. Arricale highlighted that the Commission has 14 uniform standards adopted, of those, five (5) standards are adjustable, or the universal life, a life application and six (6) riders. Ms. Arricale concluded by stating that with “mix and match” there could be additional filings accommodated.

Commissioner Wilson thanked Ms. Arricale for her comments and states that Minnesota looked at not ceding more than it was believed. Commissioner Wilson stated that Minnesota will vote against this motion. Commissioner Wilson then asked if there were comments from the Commission members.

Roger Sevigny from New Hampshire stated that New Hampshire supported Mr. Anderson’s explanation and if a voting member of the Management Committee, would vote against what’s being proposed.

Commissioner Wilson asked if there were any other comments from the Commission; Legislative Committee; or the Consumer Committee.

Brandon Bridgeland, from the Center for Insurance Research, stated that the points the Pennsylvania Department has raised are very good ones and that should be considered. Mr. Bridgeland noted that has he had mentioned in the past during a prior conference calls, in addition to the questions about whether the state authority to act on these products, he does not believe that there is any room in there for Compact officials and the Commission Members to interact if they detected a potential problem with the “mix and match” product. Mr. Bridgeland stated that it is not even clear they could not have had state insurance department officials where the product may be sold no longer investigate it.

Commissioner Wilson asked if there were any comments from the Industry Advisory Committee.

Michael Lovendusky from the ACLI thanked Ohio and Vermont for their work in bringing a proposed resolution to this issue. Mr. Lovendusky also thanked Pennsylvania for reviewing this particular issue because it is an extremely important issue for everyone interested in the success of the Compact. Mr. Lovendusky stated that the Industry Advisory Committee would also associate itself with the analysis offered by Vermont of certain sections of the compact law itself. Mr. Lovendusky highlighted for the Management Committee another two sentences of the compact law that appear in Article 16B, which states:

“For any product approved or certified to the Commission, the Rules, Uniform Standards and any other requirements of the Commission shall constitute the exclusive provisions applicable to content, approval and certification of such Products...Notwithstanding the foregoing, no action taken by the Commission shall abrogate or restrict: (i) the access of any person to state courts; (ii) remedies available under state law related to breach of contract, tort, or other laws not specifically directed to the content of the Product; (iii) state law relating to the construction of insurance contracts; or (iv) the authority of the attorney general of the state, including but not limited to maintaining any actions or proceedings as authorized by law.”

Mr. Lovendusky continued, in particular, under those important protections provided to the states and to the consumers is the fact that state law relating to the construction of insurance contracts will be respected and the fundamental law regarding the construction of insurance contracts is

that any ambiguity in the contract shall be construed against the drafter of the contract. Mr. Lovendusky stated that should there be any problem with the certification by a carrier of any “mix and match” product, or should there be any ambiguity that should there in arise from the “mix and match” of any product, and should there be a consumer harm, the consumer shall have remedy under state laws to find that ambiguity to be read against the interest of the carrier. He proposed that there is sufficient protection in this sentence alone to give comforts to those who would vote against this motion. Mr. Lovendusky concluded by urging the members of the Management Committee to move forward as expeditiously as possible and thanked everyone for the perspectives contributed to the informed discussion.

Commissioner Wilson after hearing no other comments, asked Ms. Arricale to conduct a roll call vote on this motion. The roll call vote was conducted and the motion failed as Pennsylvania and Washington were the only members to vote in favor.

Commissioner Wilson the asked if there was a motion for the “mix and match” proposal made by Ohio and Vermont. Mr. Olson articulated that the motion is to approve the Product Filing Rule as set out in the motion transmittal to the member states. Commissioner Thabault motioned as Mr. Olson articulated. Director Hudson seconded the motion.

Commissioner Wilson asked if there were any additional comments from Ms. Arricale. Hearing none, Commissioner Wilson then asked the members of the Management Committee for any additional comments.

Pennsylvania commented that there were concerns about “Appendix A” as that really could change the way in how long “mix and match” period extends.

Mr. Anderson noted that the way rule currently reads is the IIPRC has an Exhibit A. The rule contemplates that the IIPRC will have 6 months to adopt an appendix to the rule. If an agreement cannot be reached and an appendix is not voted upon and approved, than what is attached here should become the default. Mr. Anderson stated that in terms of the product lines, only the uniform standards listed in this Exhibit A will be the uniform standards and this list is basically the baseline. Mr. Anderson restated that Exhibit A would become Appendix A if agreement cannot be reached in the future.

Mr. Harker asked for further clarification as to the breakdown of the product lines and the timeline for each.

Mr. Anderson responded that for the term-life product the clock would tick from the uniform standards listed under the term-life product line.

Commissioner Wilson asked if there were any other comments from the Management Committee; Members of the Commission; the Legislative Committee; or the Interim Consumer Committee.

Mr. Bridgeland stated that he supported the comments made by the Pennsylvania because it is important for the “mix and match” rule to have a tight timeline.

Miriam Krol, on behalf of the Industry Advisory Committee, stated that “Appendix A” has been reviewed and there are some technical errors on the term-life, whole-life, endowment, adjustable-life, and variable-life products in that the last item in each section refers to applications, benefit feature, advertising, and rate filing standards applicable. Ms. Krol continued that there are no advertising and rate filing standards applicable, so those words should be omitted. Ms. Krol

explained that under disability income, that is also true for items 7 and 8; and number 9, long term care, is correct and number 10 for disability income advertising needs to come out. Ms. Krol further explained that for life and annuity products there are only standards for the policy forms, benefit features, and applications; for long-term care we have also advertising and rate filing; and for the disability income, there is rate filing, no advertising. Ms. Krol suggested that the changes should be highlighted

Commissioner Wilson asked if there was a motion to make the suggested changes.

Ms. Berendt expressed concern about the process. John Rink of the Disability Income Subcommittee stated that the things Ms. Krol brought up regarding the disability income are correct.

Commissioner Wilson stated that the IIPRC does not need to take the corrections as an issue, as the Management Committee can still vote on the motion and have time to take these corrections up as time moves on. Commissioner Wilson asked if there were any more comments.

Ms. Krol stated that there were comments on the Rule itself. Ms. Krol identified the typographical errors in the standards. The benefit features for the accidental death benefits are not numbered, so the numbering sequence may need to be changed. Ms. Krol highlighted that the Industry Advisory Committee was informed that the exhibit will run by product lines and she thought that there would be separation for individual and for group. Ms. Krol continued, in essence there will be four (4) separate clocks on the individual side that will start to click for the phase-out. Ms. Krol stated that the Industry Advisory Committee does not have a problem with that, other than for the fact that there will be some products that are combination products, for example a long-term care rider on a term-life or an annuity that eventually may be done by the compact. Ms. Krol stated that in Section 109, it was noticed that language was changed and the Committee agrees with the change. Ms. Krol continued and stated that she was advised by a member company that “using” is appropriate, for example with an application it is not offered or sold, it is used. Ms. Krol noted that section 110, “using” is left out and the Committee thinks that Ohio and Vermont may want to go back and consider adding “or used” where it says, “offered or sold” or “offer or sell” or “offer and sale” in order to be consistent with section 109. Ms. Krol questioned why, in section 110, it was necessary to add the first red line language there. It says that “an insurer shall not offer or sell combination of a commission product component and a state product.” Ms. Krol continued, it then goes on to say, “an insurer shall not offer or sell a rider amendment, or endorsement to a product that would result in the combination of a commission component, static component and state component.”

Mr. Anderson responded that the second clause, after the comma, was added to make sure that what is covered is a situation where a rider, amendment or endorsement, is added after the original product is issued; it’s added at a later time. Mr. Anderson explained that adding the phrase was to take into account the situation of adding the rider amendment or endorsement at the later time resulting in a mix and match.

Ms. Berendt asked if this was a public hearing on the Rule or should this not be done at the rule-making level.

Ms. Arricale stated that this is the comment period after a motion has been made. Ms. Arricale asked if Ms. Noonan or Ms. Karen Schutter for review if the Committee has followed procedure. Ms. Noonan replied that the rule is before the Management Committee for approval and if there has been a motion to accept the Rule that this is an appropriate time for comment. Ms. Arricale then asked Ms. Berendt if this answered the question.

Ms. Berendt thanked Ms. Arricale and Ms. Noonan for answering her question. Ms. Krol asked Ms. Arricale for further clarification as it was not very clear to her if this was the appropriate time to make the comments

Ms. Arricale replied that the Committee has received a motion and a second and was taking comments.

Ms. Krol thanked Ms. Arricale for the further clarification. Ms. Krol continued and stated that same item 4 there that says that “2 years from the date that all uniform standards for the product line applicable, that such product rider, amendments or endorsements.” Ms. Krol asked Mr. Anderson if this was added to be consistent with the sentence that was added above. Mr. Anderson replied that Ms. Krol was correct in her comments.

Ms. Krol stated that the Industry Advisory Committee believed there was a problem with that language as the definition of product in the Compact law includes riders, amendments and endorsements, and there is not problem with the intent. Ms. Krol continued and stated that there is concern, if the product definition is looked at, it includes the language; but looking at the process where the forms are being added to another part of the product is awkward. Ms. Krol stated that the Advisory Committee doesn’t have an issue with it, they just wanted clarification. Ms. Krol concluded her comments by asking about item 5(i), where it says with respect to product issues, as such products, the word “products” could stand on its own and a rider, amendment, or endorsements is not needed. Mr. Anderson replied that that is correct.

Commissioner Wilson thanked Ms. Krol for her comments and asked if there were any other comments.

Cande Olson from New York Life asked if the intent was to have separate product lines for term life and adjustable life, and that the clock would start separately. Commissioner Wilson replied that it was correct and asked Ms. Arricale for further explanation.

Ms. Arricale stated the way that the “Appendix A” is within this Rule is that the Commission has a time-certain to review and develop and that is one of the comments that have been made.

Ms. Olsen asked if under the scenario of using the combined life application, that would mean that the clock is essentially starting for all those products once the universal-life products were adopted. Ms Olsen stated that until all those product standards were adopted companies would be using all those product standards with the application standard.

Ms. Arricale replied that within the construct of the rule in the six (6) month time frame that the Commission has, these issues will be reviewed as the Commission has a time certain at which to take up those issues.

Ms. Olsen replied that what was meant was the two years starting when the universal life standards are adopted; that two year period for mix and match would begin at that time. Ms. Arricale replied that the time begins once the product lines are closed.

Ms. Olsen then asked for clarification purposes that whenever the first life suite is closed, that would begin two year period for that suite. Ms. Arricale replied affirmatively. Ms. Olsen then asked if that would also be used with term, whole-life and endowment with one single application for most companies. Ms. Olsen continued, so that would essentially start the time of that period.

Commissioner Wilson reiterated that at this time IIPRC Operating Procedure for the Filing and Approval of Product Filings be recommended to the full Commission.

Josh May from Coventry asked for clarification on section 110, D (5)(1) which is the first exception to the two (2) year limitation. As it says “with respect to products issued prior to an applicable product line cutoff date, an insurer may continue to combine state product components and commission product components with respect to such products after such product line cutoff dates.” Mr. May noted that “product” is not defined in this operating procedure and wanted to know if that refers to a specific enforced policy that has already been issued with a state product component and a commission product component, or if that refers to the combination itself. Mr. May then concluded if its option "A" its limited concept or policies that already enforced. If it's option B, then it seems to allow mix and match into perpetuity.

Commissioner Wilson asked if Mr. Anderson or Ms. Arricale would like to respond. Mr. Anderson responded that the term “product” is defined in the Compact legislation and it is incorporated by reference into this Rule. The concept is that it applies to the enforce policies, policies issued prior to the cutoff date.

Commissioner Wilson the asked Ms. Arricale to move forward with the roll call. Sara Waitt from Texas asked if the Management Committee would have one of these meetings prior to the meeting in San Francisco. Ms. Arricale responded that the Management Committee would meet again on May 21<sup>st</sup>, and the Rule will be in front of the commission and the Commission Office will look to schedule a call before June.

Ms. Arricale then conducted a roll call vote. The motion carried with Pennsylvania abstaining and Washington voting no.

Commissioner Wilson asked Ms. Arricale to provide a scheduling update. Ms. Arricale noted that Management Committee meetings have been scheduled through the end of the year: on the fourth Monday of each month. Ms. Arricale explained that they are all posted to the website with the date and time. Ms. Arricale also noted that there are a couple of other calls that are also on the website. Ms. Arricale stated that the Management Committee and the Commission will meet in San Francisco on Friday, June 1<sup>st</sup>. Ms. Arricale also noted that the Commission Office has had requests from the membership to schedule a session focused on product standards which will occur in the afternoon of June 1<sup>st</sup> and information will be forthcoming on that as well. Mr. Beatty asked for clarification about the product standards meeting. Ms. Arricale explained that the meeting meant to provide a working session on product standards. Ms. Arricale noted for the members that during the March 9<sup>th</sup> meeting in New York, it was agreed to try to hold this anticipated session. Ms. Arricale explained that in order to save both the time of our members and resources, the Commission would hold a three (3) hour session in the afternoon so that hands on work could be done while all are in person at the Meeting. Ms. Berendt asked for clarification as to who could attend this meeting. Ms. Arricale responded that the intent would be for all to attend to be able to work on a number of standards while there, as the Committee holds open calls at the initiation of standards and at the end. While all in person, it would offer a good opportunity to do that all in one time.

Commissioner Wilson thanked Ms. Arricale for her comments and asked if there were any other matters at this time. Hearing none, Commissioner Wilson asked if there was a motion for adjournment. Mr. Beatty motioned to adjourn. There were no objections and the meeting adjourned.